

DRAFT

# California Bay-Delta Program

## Water Transfer Program Multi-Year Program Plan (Years 5-8)

Implementing Agencies:

Department of Water Resources  
State Water Resources Control Board  
United States Bureau of Reclamation

April 2004



# Goals, Objectives, and Targets

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## Goals and Objectives:

The goal of the Water Transfer Program is to encourage the development of a more effective water transfer market that facilitates water transfers and streamlines the approval process while protecting water rights, environmental conditions, and local economic interests.

The CALFED Record of Decision (ROD) identified 3 commitments to be met. For each ROD commitment, key objectives have been identified for the Water Transfer Program:

- **Increase the availability of existing facilities for water transfers.**
  - Improve capacity estimates of state or federal conveyance facilities.
  - Improve predictability of associated wheeling costs.
  - Develop a mechanism for estimating carriage water requirements on a real-time basis.
  - Develop rules for reservoir refill.
- **Lower transaction costs through permit streamlining.**
  - Identify measures to streamline transfer approval processes of jurisdictional agencies.
  - Continue defining transferable water associated with crop idling.
  - Identify potential impacts to third-parties and develop mechanisms for appropriate compensation.
  - Work with the stakeholder community to develop agreed upon approaches to monitoring and mitigation.
- **Increase availability of market information to stakeholders and permitting agencies.**
  - Continued operation of the On-Tap database.

## **Targets:**

The nature of the Water Transfers Program is such that many of the major activities are ongoing without specific target dates.

### **Increase Availability of Existing Facilities for Water Transfers**

- Assistance to transferring parties – Ongoing.
- Coordination of Water Acquisition Programs – Ongoing.
- Measurement and Monitoring – Completion March 2005

### **Lower Transaction Costs Through Permit Streamlining**

- Refine Crop Idling Transferable Water Definition – Completion January 2005
- Review Existing and Proposed Legislation – Ongoing

### **Increase Availability of Market Information to Stakeholder and Permitting Agencies**

- Continued Operation of the On-Tap Water Transfer Database and Water Transfer Information Clearinghouse - Ongoing

# Accomplishments

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During year for the focus of the Water Transfers Program shifted toward providing assistance to agencies undertaking water transfers. In addition, increased emphasis was given to coordination with the Environmental Water Account and the Sacramento Valley Water Management Program to develop common approaches to evaluation of the potential impacts of transfers.

It had been anticipated that during year 4, the Water Transfers Program would initiate development of a programmatic EIR/EIS for water transfers. After review of the ongoing efforts to develop other programmatic efforts to develop EIR/EIS's including those for the EWA, SVWMP and SDIP it was determined that the programmatic aspects of transfers were being adequately covered by those agencies and the remaining issues were specific to individual transfers and an additional programmatic analysis was unnecessary.

Specific accomplishments for year 4 include:

- Successfully coordinated complex Colorado River Contingency Program transfer and assisted in achieving regulatory agency approval of the transfer. Also coordinated with the State's Dry Year Program.
- Initiated efforts to develop an array of mitigation measures that would be suitable for resolving air quality regulations issues expected to result from the loss of agricultural exemptions for diesel powered facilities.
- Initiated efforts to develop a common approach to mitigation and monitoring activities that are required for environmental compliance and regulatory agency approval of water transfers. This activity is closely coordinated with the Environmental Water Account.
- Provided assistance to numerous transfer proponents trying for formulate projects that can pass the regulatory and other hurdles that can appear to be formidable hurdles to the uninitiated. Provided technical assistance in determining what water may be transferable by ground water substitution and crop idling/shifting.
- Updated the On-tap database.

Prior year accomplishments are summarized in the following chart.

## Increase the Availability of Existing Facilities for Water Transfers

Developed and implemented an approach to determining carriage water requirements for transfers on a real-time basis. This process was developed in coordination with the Bay-Delta Modeling Forum.

Continued efforts to identify constraints and opportunities to convey transfer water through federal/state/local facilities.

## Lower Transaction Costs Through Permit Streamlining

Participated in and contributed to preparing a series of papers addressing water transfers involving groundwater substitution and crop shifting/fallowing to serve as a standardized approach to evaluating transfer proposals and to assist transfer proponents in formulating proposals. These papers were developed with participation of the stakeholder community.

Utilized the public involvement/stakeholder activities undertaken by the State Water Resources Control Board (SWRCB) in the development of the report "Water Transfer Issues in California" to identify opportunities to streamline the current permitting process.

Coordinated with the SWRCB regarding identifying measures to be implemented that resulted from completing the stakeholder forum and the publication of the report titled *Water Transfer Issues in California* (SWRCB, 2002). The SWRCB is currently soliciting public comment on the applicable recommendations for subsequent SWRCB action.

Continue to discuss and consider measures to streamline and expedite the various agency water transfer approval processes. These measures include:

- Adopting a standard water transfer application.
- Establish limits for processing transfer applications.
- Establish suitable criteria for approving land idling-based transfers.
- Clarify procedures for transfers for instream purposes under Water Code Section 1707.

Provide financial and technical assistance for preparing groundwater management plans.

Continued to work with the affected stakeholder community to encourage coordination of multiple transfers and identification of standard mitigation measures and thresholds to address third-party socioeconomic consequences.

Continued to work with representatives of the stakeholder community to develop common approaches to mitigation and monitoring

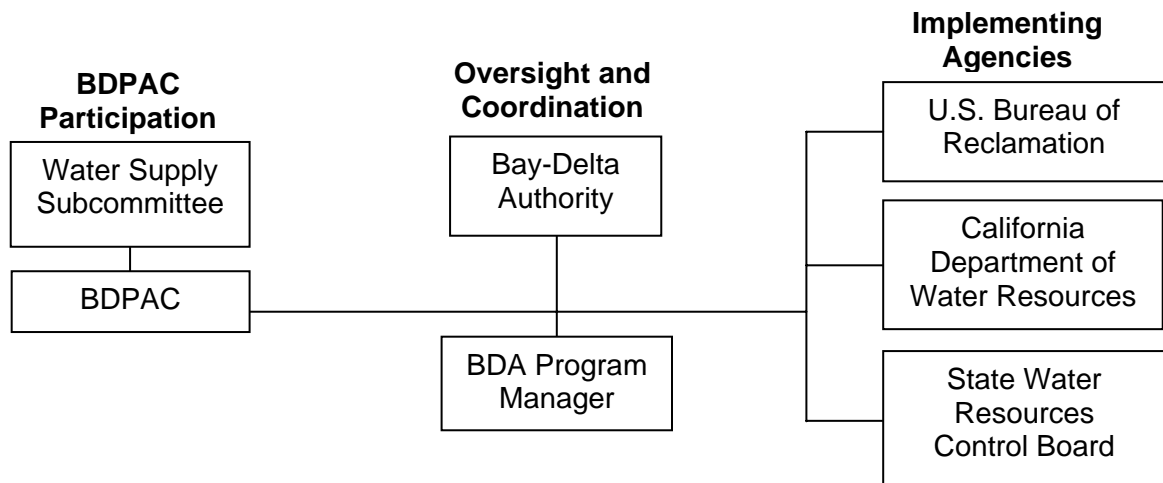
## Increase Availability of Market Information to Stakeholders and Permitting Agencies

Developed a water transfer information and database titled "On-Tap". Continued to operate the On-Tap website to facilitate information exchange regarding transfers and provide guidance regarding the regulatory approvals required by project proponents of various types of transfers.

Department of Water Resources (DWR), SWRCB, and the U.S. Bureau of Reclamation (USBR) entered into a Memorandum of Understanding (MOU) establishing their respective responsibilities for implementing the Water Transfers Information Clearinghouse.

Implemented refinements to the On-Tap website consisting of updating the water transfer database to include current (April 2003) water transfer actions, developing and testing an on-line administrator, and developing an On-Tap User Guide and Website Manual, enabling the agencies to manage the website and database as future conditions warrant.

# Program Structure



Agency	Roles and Responsibilities
California Bay-Delta Authority	<ul style="list-style-type: none"> <li>Oversight and coordination.</li> </ul>
Department of Water Resources	<ul style="list-style-type: none"> <li>Compliance with Water Code Section 1810.</li> <li>Acquisition of water.</li> <li>Approval of conveyance through State Water Project (SWP) Facilities.</li> <li>Operates Environmental Water Account (EWA).</li> <li>Approval of transfers by SWP Contractors.</li> <li>Acts as Water Transfer Information Clearinghouse Manager.</li> </ul>
U.S. Bureau of Reclamation	<ul style="list-style-type: none"> <li>Acquisition of water.</li> <li>Approval of conveyance through CVP Facilities.</li> <li>Operates EWA.</li> <li>Approval of transfers by CVP Contractors.</li> <li>Assists the Water Transfers Information Clearinghouse Manager.</li> </ul>
State Water Resources Control Board	<ul style="list-style-type: none"> <li>Approval of transfers involving post-1914 Water Rights.</li> </ul>

# Major Activities

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Reduced funding levels have not adversely affected program activities nor delayed or resulted in elimination of any major program activity. The participation of the USBR and SWRCB has not been affected by their reductions in funding as their roles have been subsumed into their ongoing operations.

## Increase Availability of Existing Facilities for Water Transfers.

**Assistance to Transferring Parties** – The agencies implementing the water transfer program will provide technical and other assistance to parties seeking to implement transfers. Provides guidance on developing project specific environmental documentation for project not covered by other California Environmental Quality Act (CEQA)/National Environmental Policy Act (NEPA) documents including those for the Environmental Water Account, Sacramento Valley Water Management Program, Operations Criteria and Plan (OCAP) and South Delta Improvements.

Schedule under existing funding levels: Ongoing

**Coordination of Water Acquisition and Transfer Programs** - The Environmental Water Account (EWA), CVPIA, waterfowl refuge supply program, the State's Dry Year Program, the Colorado River Contingency Program (CRCP) of 2003, and dry year efforts by Central Valley Project (CVP) Contractors and others rely on water transfers across the Delta as a water supply. When water supply or water conveyance limits the amount of water available for transfer, these programs need to coordinate their activities to the operation of both the federal and state water systems and to maximize the conveyance of transferred water to areas with deficient water supplies. Efforts to coordinate transfers by DWR, USBR, State Water Contractors, and CVP Contractors will continue and be expanded to include third party transfers as appropriate.

Schedule under existing funding levels: Ongoing

**Assistance to Transferring Parties** – The implementing agencies will continue to provide technical and other assistance to parties seeking to develop water transfers. Will provide guidance on the development of project specific environmental documentation as needed.

Schedule: Ongoing

**Measurement and Monitoring** - The Water Transfer Program will lead the effort of coordinating the development of measurement and monitoring programs that are required for the ongoing evaluation of water transfers. Measurement and monitoring programs will focus on evaluating impacts to the environment, legal users of water, and will cover both project-specific and regional effects. These efforts will be coordinated with the transferring entities and other interested parties in the transferring regions.

Schedule: Under existing funding levels completion in March 2005

## Lower Transaction Costs Through Permit Streamlining.

**Refine Crop Idling Transferable Water Definition** - The draft water transfer papers developed by DWR, USBR, Sacramento Valley, and Export interests that have been used by others in the development of crop idling transfers need to be reviewed and updated. The update of the water transfer papers will include new information developed by the Sacramento Valley Water Management Authority (SVWMA) related to groundwater substitution transfers as it becomes available.

Schedule under existing funding levels: Completion January 2005

**Review of Existing and Proposed Legislation** - SWRCB and DWR will coordinate with USBR regarding proposed legislation that the state administration recommends to the legislature for adoption. Several bills related to water transfers are proposed each year by the state legislature. DWR and SWRCB will discuss these bills, and when appropriate, coordinate their response to these proposals. USBR will be informed regarding proposed legislation related to water transfers and will be given an opportunity to comment.

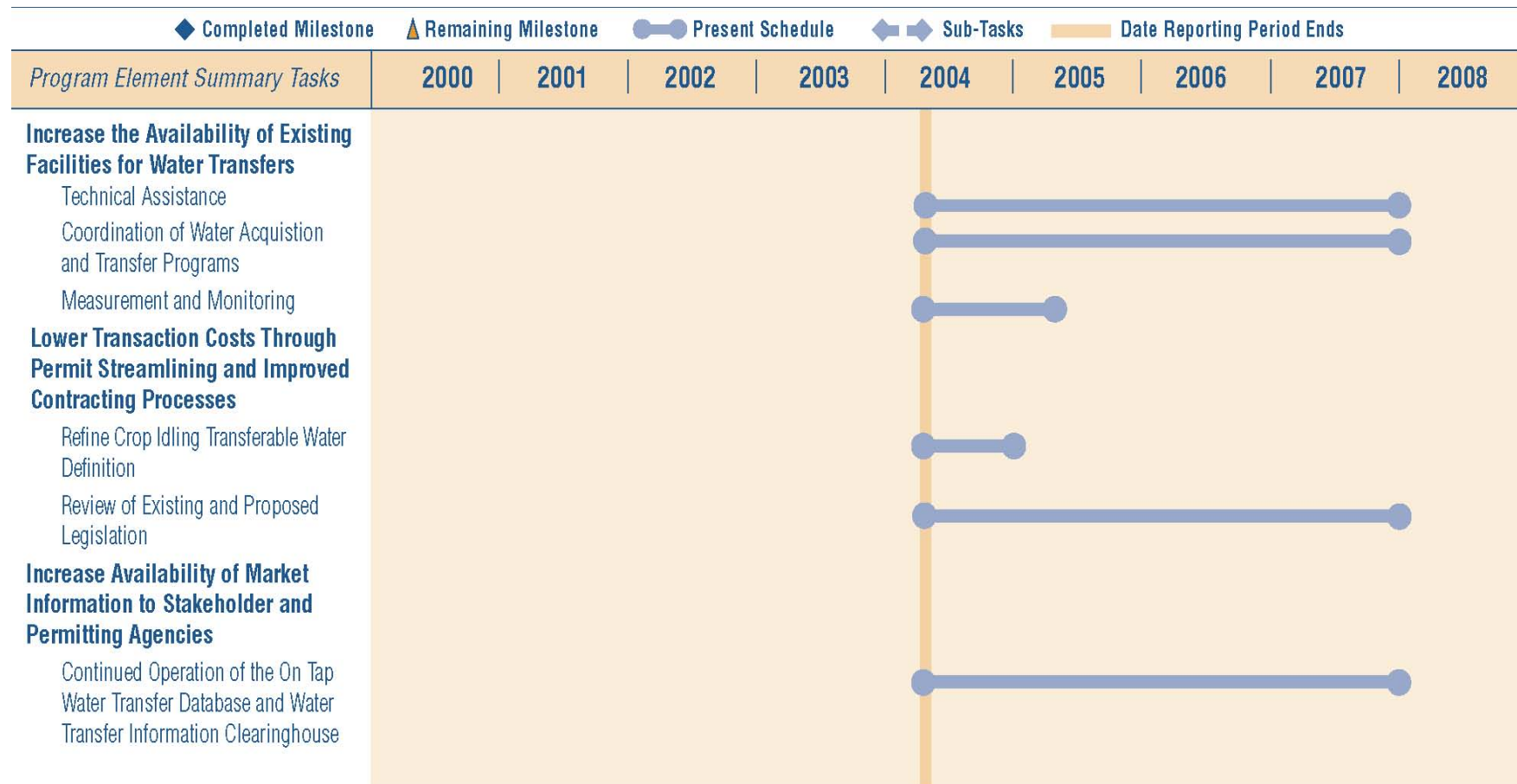
Schedule under existing funding levels: Ongoing

## Increase Availability of Market Information to Stakeholder and Permitting Agencies.

**Continued Operation of the On-Tap Water Transfer Database and Water Transfer Information Clearinghouse** - The On-Tap database, established in 2000, has been refined and updated under USBR's lead. DWR has also established a website under its Water Transfers Office that houses information related to water transfers, including a link to the On-Tap database. The Clearinghouse may be expanded to include the posting of water transfer environmental documents, summary of known transfers that are under development, updated summary of past transfers (including EWA transfers), posting of SWRCB water transfer petitions, and early identification of water transfer proposals by various parties.

Schedule under existing funding levels: Ongoing

# Schedule





# Integrating Science, Environmental Justice, and Tribal Relations

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## Science:

Although there has been no science panel established to evaluate or provide advice to the Water Transfer Program, the Program staff will provide information and assistance, as required, to support the Science Program in its activities. Specific interaction with the Science Program are desirable in the following areas:

- Significant uncertainties exist regarding the evaluation of the socioeconomic and environmental effects of water transfers:
  - Coordination with the Science Program will occur to aid in evaluating the monitoring and analysis of surface and groundwater interaction and other hydrologic factors that govern the amount of “real” water (i.e., water that can be developed through groundwater substitution-based transfers).
  - A related area is the development and implementation of a monitoring program that can effectively identify the impact of water transfer activities on other groundwater users, the uncertainties in the linkages between transfer pumping and impacts, and the most effective approaches to avoidance and mitigation.
  - Coordination with the Science Program to develop least cost approaches to offsetting air quality impacts of water transfers.
- Coordination with the Science Program will also help resolve concerns related to water transfers based on crop idling:
  - Identifying the best approach to evaluating third-party socioeconomic effects and developing guidance for determining those impacts the merit compensation.
  - Developing appropriate measures for assuring that mitigation reaches the affected parties.
  - Developing appropriate approaches to evaluating potential impacts to habitat, particularly for the giant garter snake, and development of appropriate avoidance/mitigation measures.

The nature of the Water Transfers Program is to a large extent one of coordination and assistance to transferring parties. As such it is not clear what appropriate performance measures relating to the Science Program would be for those activities. The Water Transfers Program will cooperate with the Science Program to develop suitable performance standards. Specific indicators of performance will recognize the overall goals and objectives of the Program and identify, to the extent practical, quantifiable measures that will provide a means to assess successful implementation of the Program.

## **Environmental Justice:**

The Water Transfers Program continues to coordinate with the Environmental Justice (EJ) Program to identify and characterize third-party impacts resulting from water transfers. This effort included conducting interviews with selected members of the EJ community who demonstrated interest and concern toward water transfer impacts on third-parties.

Water transfers raise questions relating to the potential differential impact to disadvantaged communities. The socioeconomic effects of transfers, based on crop idling, are of particular concern.

## **Tribal Relations:**

The CALFED Record of Decision made the following commitment to tribal consultation:

"The CALFED Agencies will actively engage federally recognized tribal governments in the planning and development of specific projects in their areas and will consult with such tribes on a government-to-government basis, to the greatest extent practicable and to the extent permitted by law, prior to taking actions that affect such tribal governments. At the request of any tribal government, the CALFED Agencies will enter into a Memorandum of Understanding with that tribal government or multiple tribal governments that will specify the process for how the federal, state and tribal governments will work together, on a government-to-government basis, in developing CALFED projects."

Water transfers may have the potential to affect Indian trust assets. This potential needs to be assessed by the lead agency for the water transfers in cooperation with the co-lead federal agency. This issue may be most relevant to water transfers involving EWA, where, in some cases, water may be obtained through the groundwater substitution.

# Cross-Program Relationships

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**Environmental Water Account (EWA)** – To a considerable extent, the EWA depends on water transfers and is subject to the same constraints as other transfer programs. EWA and other transfer programs will, at times, compete for transferable water and for use of available conveyance capacity. The Water Transfers Program works closely with the EWA to coordinate other transfer activities, such as the Dry Year and Colorado River Contingency Program to assure that the programs can effectively share capacity and do not compete for specific transfers. The programs also work cooperatively to develop common approaches to mitigation and monitoring of potential environmental impacts.

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**Storage, Conveyance, and Conjunctive Use** – One potential source of water for transfer is from water stored in surface or subsurface storage facilities. Operational constraints on Delta export facilities, coupled with present levels of storage, will continue to limit cross-Delta transfer opportunities. The Water Transfers Program will actively coordinate with these projects when they reach the implementation or other appropriate stage.

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**Ecosystem Restoration** – Actions that acquire water for augmenting existing stream flow will likely be partly derived through transfers from willing sellers. There are opportunities for such transfers to serve multiple purposes. The Water Transfers Program has begun to coordinate with the ERP to identify water acquisition opportunities that may serve multiple purposes where sharing of resources may be beneficial. For Working Landscapes – Water transfers raise questions regarding the potential short-term, long-term and cumulative impacts to agricultural land use, especially prime agricultural lands, as well as rural communities that depend on agriculture as an important component of their economic base. Incorporating a Working Landscapes approach into the Water Transfers Program may assist in facilitating transfers while avoiding or mitigating potential impacts.

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**Water Use Efficiency** – Although water transfers are not *per se* an efficiency mechanism, water transfers can provide financial incentives for efficiency improvements, which can generate transferable water in some circumstances. These issues are complicated by the need to define when conserved water is transferable.

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# Funding

<b>Water Transfers</b> (\$ in millions)	<b>Yr 1</b>	<b>Yr 2</b>	<b>Yr 3</b>	<b>Yr 4</b>	<b>Yr 5</b>	<b>Yr 6</b>	<b>Yr 7</b>	<b>Subtotal</b>	<b>Yr 8</b>	<b>Grand Total</b>
State	\$0.5	\$0.3	\$0.4	\$0.6	\$0.6	\$0.6	\$0.6	\$3.7	\$0.6	\$4.3
Federal		\$0.2						\$0.2		\$0.2
<b>Program Funding Total</b>	<b>\$0.5</b>	<b>\$0.5</b>	<b>\$0.4</b>	<b>\$0.6</b>	<b>\$0.6</b>	<b>\$0.6</b>	<b>\$0.6</b>	<b>\$3.9</b>	<b>\$0.6</b>	<b>\$4.5</b>
Projected Needs Estimate					\$0.6	\$0.6	\$0.6	\$1.8	\$0.6	\$2.4
Original ROD Estimate (Aug, 2000)	\$3.0	\$3.0	\$3.0	\$2.0	\$2.0	\$1.0	\$1.0	\$15.0		\$15.0
<b>NOTES:</b> 1. Original ROD Estimate represents the original Stage 1 funding estimates from the Record of Decision (Aug 2000). 2. Funding for Years 1 - 3 reflect actual State, Federal and Local obligations, commitments, encumbrances and expenditures updated to reflect actual fund amounts for each task. State funds for Years 4 & 5 reflect the April 1st Governor's budget. Federal funds are the Year 4 enacted and President's FY 2005 proposed budget. Projected funding shown in Years 6 - 8 includes remaining state bond funds that have been scheduled for future years and ongoing State base funding, plus estimates for local matching to grants for years where bond funding is available. Federal appropriations beyond Year 5 are unknown. 3. The State budget includes funding for the California Bay-Delta Authority, Department of Water Resources, and the State Water Resources Control Board. 4. The Federal budget includes funding for the U.S. Bureau of Reclamation (Reclamation).										

## Funding by Task

<b>Water Transfers</b> (\$ in millions)	Yr 1	Yr 2	Yr 3	Yr 4	Yr 5	Yr 6	Yr 7	Subtotal	Yr 8	Grand Total
1) Increase Availability of Existing Facilities for Water Transfers		\$0.1	\$0.1	\$0.3	\$0.3	\$0.3	\$0.3	\$1.2	\$0.3	\$1.4
2) Lower Transaction Costs Through Permit Streamlining		\$0.1	\$0.2	\$0.1	\$0.1	\$0.1	\$0.1	\$0.8	\$0.1	\$1.0
3) Increase Availability of Market Information to Stakeholder and Permitting Agencies	\$0.3	\$0.3	\$0.1	\$0.1	\$0.1	\$0.1	\$0.1	\$1.2	\$0.1	\$1.3
4) Program Oversight and Coordination	\$0.2	\$0.1	\$0.1	\$0.1	\$0.1	\$0.1	\$0.1	\$0.7	\$0.1	\$0.8
<b>Program Funding Total</b>	<b>\$0.5</b>	<b>\$0.5</b>	<b>\$0.4</b>	<b>\$0.6</b>	<b>\$0.6</b>	<b>\$0.6</b>	<b>\$0.6</b>	<b>\$3.9</b>	<b>\$0.6</b>	<b>\$4.5</b>
<b>Projected Needs Estimate</b>					\$0.6	\$0.6	\$0.6	\$1.8	\$0.6	\$2.4
<b>Original ROD Estimate (Aug, 2000)</b>	<b>\$3.0</b>	<b>\$3.0</b>	<b>\$3.0</b>	<b>\$2.0</b>	<b>\$2.0</b>	<b>\$1.0</b>	<b>\$1.0</b>	<b>\$15.0</b>		<b>\$15.0</b>
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3. The State budget includes funding for the California Bay-Delta Authority, Department of Water Resources, and the State Water Resources Control Board.										
4. The Federal budget includes funding for the U.S. Bureau of Reclamation (Reclamation).										

## Geographical Distribution of Activities

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The activities of the Water Transfers Program are focused primarily in the areas tributary to the Sacramento-San Joaquin Delta and the service areas of the State Water Project and the Federal Central Valley Project.

